



Accounts Payable

A guide to getting invoices and expenses paid

Introduction

This document and attached annexes were originally developed in consultation with a wide variety of users of the Accounts Payable section of LSE Finance in 2011 and updated in December 2013. This is the latest version.

As ever we would like your feedback on areas it should cover but does not, and any problems and inconsistencies you identify as you use it. Please email your feedback to s.m.sefton@lse.ac.uk.

The guide consists of the following sections:

1. Key changes since last version (December 2013)
2. Accounts Payable Guidance Notes
3. Annex A - List of recommended expense codes
4. Annex B –Guidance on permitted expenditure

Accounts Payable is the name of the team and process by which the LSE pays its bills, be they your expense claims, invoices from suppliers or cheque and BACS requests.

We do hope you find the guide useful in explaining how to get the best from the School's Accounts Payable service.

Mike Ferguson
Finance Director

Simon Sefton
Head of Financial Operations

Stuart Sharkey
Head of Accounts Payable

Key Changes since version December 2013

1. Amendments - Timescale – new supplier set-up (page 9)
2. Amendments - Who does what – updated team information (page 11)
3. Amendments - Location and office hours (page 11)
4. Amendments - Childcare costs (page 20)

Accounts Payable and Expense Guidance Notes

1. Background and Objectives
2. Budget and purchasing
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The Accounts Payable team (AP) are responsible for organising all the School's payments except those made directly through the payroll. Their work includes processing, checking and paying invoices, expense claims, and requests for foreign payments. In 2013/14 they paid out over £150 million by 65,000 separate payments.

The team is lead by Stuart Sharkey and comprises seven permanent and two temporary positions.

Purpose

External Suppliers: AP aims to ensure all suppliers are paid the correct amounts in accordance with users' contractual terms and in a timely fashion.

Staff Expenses: AP aim to pay all expenses legitimately incurred in the pursuit of School work within 5 working days of receiving a correctly completed and authorised claim form.

1. Background and objectives

This document aims to provide useful and effective information to allow you to get the most from our AP service and to make you aware of the key rules and regulations regarding spending the School's money.

The guide covers procedures related to purchasing, invoice payment and expense reimbursement for all departments of the School.

The Council is the School's governing body and has legal responsibility for all financial commitments and transactions that the School enters into. They have delegated limited authority to budget controllers and holders to deal with transactions on its behalf and the School's Financial Regulations set out the formal basis and extent of this delegated authority and associated responsibilities.

This guide is designed to help you understand the scope of your authority and the responsibilities you have when discharging them and should be read in conjunction with the School's Financial Regulations. Hard copies are available on request from financecomments@lse.ac.uk and the most recent version is available as a pdf file at:

<https://www2.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/internal/finRegs.pdf>.

In the event of any conflict between this document and the School's Financial Regulations, the regulations take precedence.

2. Budget and purchasing

The following section gives advice on how to go about making sure you have considered all of the necessary conditions before making a purchase. You need:

- a) The authority to do so – for example you need to be a budget holder of a budget, or have approval from the budget holder, and the proposed expenditure needs to be suitable to be charged against it.
- b) A remaining balance in your budget (after taking all commitments into account) greater than the amount you are about to spend.
- c) Make sure that the item or service you are about to buy is appropriate expenditure for the School to make – for example, you cannot pay for travel from home to work.
- d) To check that the supplier is on the School's approved supplier list – this can be found at <http://www2.lse.ac.uk/intranet/LSEServices/financeDivision/purchasing/Home.aspx> and follow the link from 'LSE Supplier Database'.
- e) To ensure that you have followed the rules on procurement (see 2.2 below) and can demonstrate that you have got value for money.
- f) To make sure you specify exactly what you need (particularly when buying professional services) and only buy the quantity required.

If you need further help on any of these points, budget queries should be raised with the **Financial Planning and Analysis** team (**Fiona Russell** x6616). If the expenditure is related to a research contract, please contact the Research Division finance team (led by Kerry Fyffe x7961) as additional contractual conditions may apply.

You can get guidance and advice on purchasing and suitable suppliers from the Purchasing team. For amounts in excess of £50,000 they can assist with the process of securing formal tenders and also advise about adding new suppliers to the School's list.

To add a new supplier to the list you will need to complete the 'new supplier set up form' and submit it to Purchasing department who will perform various checks to decide on their suitability based on a number of criteria. The new supplier must be set up before you can make any commitment to purchase anything from them.

2.1 You must ensure you get value for money

When spending School money (even those provided by a research sponsor) you have a responsibility to get the best value and **it** increases the more you spend. It does not always mean buying the cheapest and the suitability of the product or service, reliability, flexibility of service, environmental impact and associated costs are all critical factors to the decision to buy. The Purchasing team can be contacted if assistance is needed.

2.2 Who you can buy from?

Details on the rules and regulations about purchasing and negotiating can be found at <https://www2.lse.ac.uk/intranet/LSEServices/financeDivision/internal/staff/pdf/PurchasingGuide.pdf>

The main points of note are that if you are spending (on an item or items or service):

- ❖ over £8,000 you need to get three quotes from approved suppliers (i.e. quotes of price based on a clear specification)
- ❖ over £50,000 you will need to go through a more formal tender process and should get professional advice from the Purchasing section (ext 6635).

To check that the supplier is on the School's approved supplier list – this can be found at <http://www2.lse.ac.uk/intranet/LSEServices/financeDivision/purchasing/Home.aspx> and follow the link from 'LSE Supplier Database'.

If you are unable to find the appropriate number of approved suppliers to quote or tender you should immediately discuss the matter with the Purchasing section. Do not proceed on the assumption that inviting the appropriate number to quote is sufficient to meet the requirements in School's regulations.

If you have any queries, please contact Purchasing section at Purchasing@lse.ac.uk

2.3 Signing contracts and limits on purchasing authority

As a simple rule of thumb you should NEVER sign a purchase contract on behalf of the School. If the supplier asks you to do this before they will invoice, please contact the Purchasing section who will advise you about what to do. If you exceed your authority and sign a contract on behalf of the School, you run the risk that the School may not assume responsibility, in which case you may become personally liable for the costs of the goods and services received and any compensation payable for early termination of the contract. If in any doubt you should seek advice from the Financial Controller or the Purchasing Manager.

3. Authorisation of spend

Before you pass something to AP for payment it should be signed by the budget holder or budget controller and have the relevant budget code attached. If the expenditure has been incurred on a research contract it will need to be authorized by the post award team in Research Division first.

As stated on the standard expense claim form, budget holders and controllers cannot authorise their own expense claims, credit card returns or petty cash claims. They should be counter-signed by the budget controller (if they are senior) or their line manager.

4. Expense codes

In order to make decisions supported by reliable management reports, produce the School's Annual Accounts and report to HEFCE it is essential that we use a consistent list of expense account codes. Budget holders should use the recommended account codes list (Annex A). If this presents any problems please consult with the **Financial Planning and Analysis team (x7760)** who will be happy to advise. They produce regular financial information that analyses School spend by expense code so using the correct codes is important.

4.1 VAT

Accounts Payable processes some £12m of VAT within the annual cost base and it is imperative the treatment is not only correct but it is supported by full and complete paperwork. When submitting invoices and expense claims for payment and reimbursement, there is a need to supply valid VAT invoices for all payments and VAT receipts when card payments are made, especially for online payments.

For further details regarding the necessary evidence for NatWest Purchasing Cards and other VAT codings please see information on the website at:

<https://www.lse.ac.uk/intranet/LSEServices/financeDivision/internal/staff/vatGuidelinesAndTaxation/Home.aspx>

or contact Steve Parsons (x5046) and Rudy Ghosh (x6268).

5. Narrative on Aptos

Do bear in mind that when authorising an invoice for payment you are certifying that you have carefully checked the following:

- that the goods have been received to the correct quantity and specification, services have been performed to the agreed standard and comply with the details on the School order or agreement with the supplier;
- the charges match the tendered or quoted rates. Where applicable, tender numbers should be quoted on the invoice;
- that the goods / services are of acceptable quality;
- that the invoice details (quantity, price, discount) are correct;
- that the invoice is arithmetically correct;
- that the invoice has not previously been passed for payment (i.e. that it is not a duplicate request for payment);
- that where discount is offered for prompt settlement that the invoice is passed to the Finance Division without delay.

You should mark the invoice in such a way as to indicate to yourself (and AP) for future reference that you have made these checks – for example by initialling items once checked.

Care should be taken to make your name clearly legible and the amount due for payment clearly identified. Initialling or illegible squiggles are not acceptable and will lead to delay in processing!

If the narrative is not clear AP will enter the suppliers name and invoice number.

6. Types of expenses - the following table lists the payment methods and timetable for settlement:

Type	Form of request	Payment term	Payment method	Payment made
Approved suppliers	Invoices	Nett 30 days unless specified otherwise *	BACS, Cheques, or international transfers	At the end of the calendar month ⁱ
Existing employees ⁱⁱ	Expense claims	N/A	BACS	Every Thursday
One off payments – self employment ⁱⁱⁱ	Expense claims	N/A	BACS or Cheques	Every Thursday
One off payments – individual ^{iv}	Expense claims	N/A	BACS, Cheques or international transfers	Every Thursday
One off payment to suppliers (Company)	Consult with Purchasing Services ^v	N/A	BACS or Cheques	Every Thursday
New suppliers	Consult with Purchasing Services ^v	Nett 30 days	BACS or international transfers	Month end

ⁱ there is a mechanism by which Aptos will select invoices for payment if the payment term is other than 30 days nett. Urgent payments for late submission may be made upon request.

ⁱⁱ includes removal and housing loans.

ⁱⁱⁱ other process needs to be completed (e.g. record the tax information) prior to AP processing the payment. The self employment payment should be requested in the form of an invoice where the bank detail, national insurance number, self assessment number and tax office should be included.

^{iv} includes interview expenses, external assessors and examiners travel expenses.

^v departments are encouraged to use the approved suppliers. However, in the event that a new supplier will be used, please consult with **Glen Humbles** in **LSE Finance** before making any commitment to the new supplier.

Nett 30 days – Payment is due no later than the end of the month following the month in which delivery was made or services rendered and the receipt of a correct invoice whichever shall happen last.

Note: The School's standard terms of business are 30 days nett for external suppliers. In exceptional circumstances different terms may be agreed but only via the School Secretary. The Head of Purchasing can advise.

7. Types of payment method – the following are ways in which payments are made:

Type	No. of days payment will take to clear through recipients bank account	Frequency	Cost
BACS	Up to 3 days	Weekly	Nil to budget
Cheque – GBP	3 days	Weekly	Nil to budget
Cheque – Euro ^{vi}	5 days +	Weekly	Nil to budget
Cheque – USD	5 days +	Weekly	Nil to budget
International transfer	3 – 10+ days	Weekly	£5 per transfer to budget
International draft	5 days +	Weekly	£5 per draft to budget
CHAPS ^{vii}	Same day	Upon request	£20 per CHAPS to budget

^{vi} Payments made to partner universities for research contracts have shorter time scales as the payments are usually made by transfer.

^{vii} Regular use of CHAPS may be indicative of insufficient planning. On the grounds of cost effectiveness, this facility may be withdrawn.

^{viii} Please note that while the expense detail may be recorded in Statements 4/5 (SSRS), it may not necessarily mean that the payment has been made to or received by the supplier.

We will always try to make UK payments directly to bank accounts using the BACS system as this avoids the risk of cheque fraud, lost cheques and cheques not being banked, and provides a useful service for the recipient. Please ensure you provide the bank details. If you have a specific reason for wanting payment by cheque you will need to state this clearly on the payment request.

8. Timescale

- ❖ Where new suppliers (companies) are used the company needs to be checked for legal status, VAT registration and bank details.
- ❖ Where new suppliers (individuals) are used details need to be checked for employment status with HMRC and reporting status (if a US citizen) as well as the bank information. Departments are requested to follow Payroll guidelines for self-employed workers.
<https://www.lse.ac.uk/intranet/LSEServices/financeDivision/Payroll/internal/contractingSelfEmployedWorkers/home.aspx>
- ❖ In all cases departments should complete a new vendor set-up form ahead of receiving first-time invoices.

The following table shows how long it takes, from the time AP receive an invoice, to payment:

Type	Arrive at Finance	Timescale for payment being issued
Where a new supplier set up is required	To be pre-agreed with Purchasing. 10 working days should be allowed for vendor set-up	Payments will be made in the next payment run following set-up in Aptos, dependent upon the type of supplier
Expenses - for the narrative to appear on Statements 4/5 (SSRS) ^{viii}	Claims and regular invoices arrive daily	Narrative appears within 3 working days.
UK regular suppliers (nett monthly payment)	Invoices should arrive at least 3 working days ahead of the published schedule	Payments are sent on 4 th Tuesday of the month
Other UK regular suppliers	Daily	Various
International suppliers*	Daily	Payments sent every Monday
Employee expense claim	By Tuesday noon	Thursday of the following week
Schedule D requests	To be pre-approved by HR and received by Tuesday noon	Thursday of the following week
Student FSO award and refund cheques	By Wednesday 4pm	Thursday afternoon

* All payments will be made in local currency where possible, or the major currency accepted in the country.

8.1 What about emergencies?

Occasionally an unexpectedly rapid payment is required. The AP team will always help get this done as quickly as possible, perhaps by direct bank transfer (CHAPS). However, one-off payments are very time consuming and disrupt the overall AP service (and involve Cashiers for CHAPS) and in all such cases senior management time is involved. So please avoid relying on this emergency service as an alternative to proper planning, and if you have difficulties with suppliers providing invoices in a timely manner please contact AP as they may be able to help streamline the process or find alternative suppliers.

9. Who does what

We are committed to ensuring that problems do not arise but if they do please contact the relevant member of staff in the first instance, and then their line manager:

Name	Title	Tel. Extension	Line Manager
Simon Sefton	Head of Financial Operations	4657	Finance Director
Stuart Sharkey	Head of Accounts Payable	7878	Simon Sefton
AP Staff			
Sallyann Oates	Deputy Head of AP	7877	Stuart Sharkey
Neisha Wong	AP Clerk	7887	Stuart Sharkey
Karen Cross	AP Clerk	7875	Stuart Sharkey
Michelle Richards	AP Clerk	3624	Stuart Sharkey
Aga Edwards	AP Clerk	7474	Stuart Sharkey
Louise Brown	AP Clerk	4638	Stuart Sharkey
Laura Bayfield	AP Customer Service Clerk	5073	Stuart Sharkey
Edith Akello	AP Customer Service Clerk (temporary)	1155	Stuart Sharkey
Ellis Kerby	AP Customer Service Clerk (temporary)	1154	Stuart Sharkey

Escalating queries and problems

- Day to day operational issues should be directed to the AP staff
- Issues of delay or problems to the Head of AP
- Under-performance issues to the Head of Financial Operations
- Unresolved issues or requests for changes in procedure to the Finance Director

10. Location and office hours

Location	5 th floor of the Library (LRB 5.02)
Office Hours	Monday to Friday : 8.30am – 5.00pm
Visiting hours	Monday to Friday :
• queries and invoice drop-off	11.00am – 3.00pm
• cheque collection	10.00am – 5.00pm

Departments can arrange **liaison meetings** with the AP Customer Service Team as and when required. This will assist in developing the team's understanding of the various departments' operational challenges.

11. Expenditure guidelines

This section provides some guidance on what is and is not permitted expenditure (invoices, expense claims and corporate card expenditure) passed to AP for payment.

Reasonable and business-related expenditures, as defined below, are allowable. Expenses that appear to be personal or non-business related will need to be supported by a written explanation of why and how they are reasonable and business related. To avoid the embarrassment and potential expense of a refused item please discuss any potentially contentious item with the Head of AP or the Head of Financial Operations (Simon Sefton x4657) prior to committing any expenditure.

In broad terms, items of expenditure, regardless of funding source, should:

- Be consistent with budget: The item should relate to the purpose of the budget
- Represent Value for Money
- Be reasonable: An expense is considered reasonable if:
 - 1) the nature of the goods or services acquired and the amount involved reflects the actions of a prudent person under the circumstances,
 - 2) the expenditure is appropriate given the purpose of the School
 - 3) reimbursement for or direct payment of the expenditure is not otherwise disallowed by any School policy.
- Be business-related: It is a necessary expense, ordinarily incurred to conduct LSE business.
- Not represent a taxable benefit in kind: the expense should not be such that HMRC would classify it as a benefit in kind unless it has been subject to prior approval by the Financial Controller's section.
- Not create an ongoing contractual commitment for the School, e.g. mobile telephone contract or photocopier lease.

Minimising expense claims

It is more efficient and effective to use School suppliers wherever possible rather than incur cost yourself and reclaim it back at a later date. Travel (Key Travel and Clarity [was Co-Op Travel]) and accommodation (Club Quarters, The Grange Hotel) are examples of types of spend that have been historically met through expense claims but where the School now has a range of established suppliers able to provide a good service. Please refer to the Purchasing website <http://www.lse.ac.uk/intranet/LSEServices/financeDivision/purchasing/Home.aspx> or contact them on x6635.

11.1 Benefits in kind (BIK) – some general guidance

To be considered a legitimate business expense certain tests need to be met and expenses must be:

- one that each and every holder in that type of role/employment would have to incur.
- necessarily incurred in the performance of the duties of the employment.
- wholly and exclusively incurred on School business.

As a 'rule of thumb' expenses that HMRC classify as benefits in kind (BIK) are not allowable expenses. Where an item of expenditure is deemed by the HMRC to be a benefit in kind (BIK) and not a 'legitimate business expense' it may mean the person who receives the benefit will have to pay

tax on the value of the goods or services received. In general, expenditure that is permitted under the School's regulations will not be classed as a benefit in kind.

There are a few exceptions, such as offsite broadband access, some hospitality and IT equipment provided the rules set out in this document are followed.

A range of areas where care needs to be taken are set out in Annex C.

11.2 Timeliness

In order to satisfy the School's Financial Regulations and meet HMRC guidelines claims should be submitted within 6 months.

12. School Credit cards

For those staff that have legitimate reasons for incurring substantial expenses that cannot be economically purchased through official suppliers there is an HSBC card payment solution. Although the card is obtained through the School, it requires the card holder to sign a personal Direct Debit against which the card balance is settled. Provided that the holder submits a valid and correctly completed expense claim within about two weeks of incurring a charge on the card we will be able to transfer funds to their account to clear the charge before the Direct Debit payment is due. Failure to submit paperwork on time or submitting incomplete documentation may delay payment and you will have to temporarily fund the Direct Debit payment from your personal account.

As many travel costs can be charged via the School's travel suppliers, the need to use the **executive** card can be kept to a minimum. The School can also arrange cash advances and travellers' cheques before you travel (please speak with Cashiers).

You must return your **executive** card statement with supporting receipts and budget codes within the specified timescales. Periodically we review each person's card usage to ensure that it is still required.

13. Service Levels

The Accounts Payable service levels are:

Description	Service Level	Responsibility
Set up new vendors and their payment details accurately	Within 10 working days of agreement by Purchasing	Head of AP
Set up new self-employed contractors	Within 10 working days of agreement by Payroll	Head of AP
Input data accurately and in a timely manner	Within 3 working days of receipt of invoice or claims	Head of AP
Respond to payment queries in a timely, courteous and professional manner. All replies to include the individual team member's name	Within 3 working days of receipt of invoice or claims	Head of AP
Communicate any payment changes in a timely manner	To publish on the FD website prior to the payment run	Head of AP
Provide payment services in a professional manner	Customer and Vendor Satisfaction Levels above 70%	Head of AP/Head of Financial Operations

Budget holders are expected to:

Description	Service Level	Responsibility
Comply with the School Financial Regulations when incurring costs	Review of invoice and expense claims	Budget Controller
Consult with Purchasing when required – new vendors and items requiring tenders	Budget setting and review of invoices	Budget Holder and Budget Controller
To ensure payment requests are properly authorised and include supporting receipts	Review of invoice and expense claims	Budget Holder and Budget Controller
Ensure paperwork is submitted in a timely manner	Reporting of emergency payments	Budget Holder and Budget Controller

14. Review Process

Budget controllers and holders are responsible for ensuring expenditure incurred (or claimed on an expense claim) is a legitimate business expense, within budget and represents value for money. The AP team undertake regular checks of expense claims and invoices presented for payment to ensure they fully meet these criteria. These checks range from sample based and target checking of higher value items to the review and analysis of unusual items. Questions may be raised during the carrying out of this checking process. This process of review does not remove the clear responsibility on all authorisers to ensure compliance with the School's financial regulations.

15. Glossary

Accounts Payable (AP) – The team in the Finance Division responsible for making payments

BACS – Banks Automated Clearing System

CHAPS - Clearing House Automated Payment System

International Transfer –payments sent **overseas** via a secured online service provider

International Draft – bank draft issued in the local currency and denomination

HMRC – Her Majesty's Revenue and Customs

NIC – National Insurance Contribution

PAYE – Pay As You Earn

BIK – Benefit in kind, an expense that if reclaimed from the School may result in the claimant or beneficiary of the goods or services being taxed on the value of the items

RD - LSE's Research Division

List of recommended expense codes

Annex A

04999 Subcontractor and research partners	Payments to subcontractors or research partners
40013 Call charges	Landline call charges
40014 Mobile phone charges	Mobile phone charges
43001 Equipment	Fax machines, laminators
43003 Furniture	Filing cabinets, desks
43009 Refurbishment	Estates work
43052 IT equipment	Computers, printers, scanners
44002 Stationery	Paper, pens, calculators
52213 Office consumables	Other office consumables
44003 Postage	Postroom IDNs
44004 Photocopying and printing	Reprographics IDNs
44021 Courier expenses	DHL invoices
45207 Books	Purchases from Waterstone's, Amazon etc.
46023 Computer software	Computer programs
52094 Staff Training and Development	Courses booked through Staff Development Unit
52081 Training Courses	Courses
47001 Travel and subsistence UK	Trains, taxis, hotels within the UK
47002 Travel and subsistence overseas	Airfare, trains, taxis, hotels outside the UK
48006 Consultants fees	External specialists
49004 Hospitality	Catering IDNs, lunches, meeting refreshments
49026 Scholarships (processed by FSO only)	Processed by Financial Support Office only
51001 Subscriptions	Periodicals and journals subscriptions
52020 Advertising	Advertising costs
52082 Conference attendance	Attendance fees
52219 Accommodation and subsistence	Accommodation and subsistence
52280 Institutional memberships	Organisation membership fees
48005 Professional fees	Legal, audit and tax

Guidance on permitted expenditure

Annex B

To reduce the need for obtaining reimbursements through expense claims you are encouraged to use suppliers on the approved supplier list – these suppliers will invoice the School directly. A list of these suppliers can be found at : <http://www.lse.ac.uk/collections/financeDivision/Purchasing/> - just click on 'Who to buy from'.

1.0 Guidance on specific types of expenditure

The School has a dispensation from HMRC that allows reimbursement of legitimate business expenses relating to travel, subsistence, telephone calls and entertaining of business contacts. Reimbursement of other expenditure incurred by an individual rather than the School will need to be disclosed to the HMRC on a P11D form. This may lead the individual to having to pay additional income tax. The dispensation agreement is reviewed from time to time and HMRC can revoke a previous dispensation. More information can be obtained from the HMRC website at:

<https://www.gov.uk/browse/business/expenses-employee-benefits>

The following are general guidelines for expenditure. Please contact the Financial Controller (x5041) if you have any detailed queries.

1.1 Computer hardware and software.

All purchases of hardware and software must be made through your IT Services cluster support team to ensure the best price is obtained and the equipment is registered on the School's inventory. Making purchases of IT equipment without first consulting with your IT Service cluster team and receiving approval before making an expense claim will lead to the claim being rejected by AP. Computer hardware is defined as iPads, desktops, monitors, laptops, scanners, printers, PDAs and other software items costing more than £200.

1.2 Relocation expenses

To determine eligibility for removal expenses, please consult with Human Resources. See:

<https://www.lse.ac.uk/intranet/staff/humanResources/pdf/RelocationPolicy.pdf>

The payment requests should be sent to **Irin Wu (x5348)**, assistant accountant, for reimbursement. Removal expenses are only paid to newly appointed staff.

1.3 Business hospitality

Providing hospitality can be important in creating and building relationships with individuals and other organisations which may be of long term benefit to the School. In making this investment colleagues should appear to be neither inappropriately lavish nor unnecessarily miserly. It should always be borne in mind that, as a public body, requests for information under the Freedom of Information Act about expenditure on hospitality are common.

The following list provides guidance aimed at ensuring the expenditure can be justified to HMRC as legitimate business related costs.

Business hospitality is defined as expenses incurred to purchase or provide meals, refreshments, entertainment, or expenses incurred for promotional purposes. If directly related to the conduct of official School business it is allowable and reimbursed if:

- They are necessary and appropriate to the occasion

- They serve a legitimate School purpose that should be detailed in the claim
- use has been made of School facilities- e.g. the Staff Dining Room, where possible
- food consumed off premises should be at a reasonable cost and represent the equivalent of a normal business lunch and guests should include a reasonable proportion of non-School attendees.
- Detailed justification, such as the significance or seniority of the individual or potential benefit of the relationship, will be required to merit expenditure per the hospitality guidelines (including service and VAT). In case of doubt and to avoid the embarrassment of a refused claim it is best to seek advice before the event.

The following are examples of allowable hospitality:

1. Items related to the individual recruitment of faculty - see below;
2. Official or ceremonial functions of the School;
3. Receptions for which the primary purpose is the attendance and benefit of a group of students or potential students;
4. Official business of School committees;
5. Refreshments (and sandwiches lunches for all day courses) for training sessions when training is provided by Human Resources, or is facilitated by an external training consultant;
6. Meal (but not entertainment) expense for School employees and outside assessors/examiners required for peer or administrative reviews;
7. Meals attended by School employees and visitors invited to contribute to the intellectual life of the School community. Normally such visitors will deliver a seminar or public lecture for the benefit of School academics and/or students;
8. Formally organised departmental or committee meetings where food comprised a few sandwiches, purchased through central catering (or another official School supplier) and it can be demonstrated that lunchtime is the best time to gather the group together.

IMPORTANT: When submitting the claim, the following information should be documented:

- total amount of reimbursement/payment requested;
- if off site, why a School facility was not used
- date and place of function
- nature of function (give detail), publicity etc
- purpose/benefit to the School
- name of persons attending and their status(employees, students and non-university individuals and their affiliation to the LSE)
- if there was a 'flyer', publicity or circular about the event, this should be attached with the claim or invoice

Payment and reimbursement submitted without a detailed receipt and the additional information required will not be reimbursed.

1.4 Broadband connections

Where departments plan to refund the cost of offsite internet connections they must notify the AP team in advance. Departments must meet the criteria for use set out in the 'internet connection use authorisation form'. This is available from AP.

1.5 Mobile phones

If a mobile phone is provided by the School to the staff, it is not considered a benefit in kind. Staff may legitimately claim for mobile phone call costs on their own phones based on an itemised bill, however they cannot claim for the line rental and other standing charges. Staff are not authorised to enter into contracts for mobile phones on behalf of the School. If you have any current contracts please contact the Telecoms department who will discuss terminating them.

1.6 Local Christmas parties

The HMRC sets a maximum of £150 per head per year for the provision of parties or functions including School and Departmental Christmas parties, the summer party on the Plaza and any Departmental gathering. Any amount spent over £150 is considered a benefit in kind and will be subject to tax. To recognise the potential benefits in terms of team building from the holding of local gatherings, but to ensure that there is no risk that the School exceeds the HMRC limit the expense is set at a maximum £45 per annum per person attending. Costs in excess of this sum will have to be paid by individual contributions from staff. It is also a condition that all members of the 'local' team are invited to attend.

1.7 Overnight stays in London following late night events

The School allows the reimbursement of overnight accommodation costs in the exceptional circumstances where an employee is required as part of their duties (rather than freely chooses) to stay in London late in order to participate in a significant School event. The cost reclaimable is limited to cost of a single room and should be less than a suitable taxi fare home. An explanation of the circumstances, along with details of the event that had lead to this need will to be submitted along with the claim. As there is no central School budget to meet these costs the claimant will need prior approval from the holder of a suitable budget.

1.8 Late night taxi fares home

The School allows reimbursement of late night transport home, in the exceptional circumstances where an employee is required as part of their duties (rather than freely chooses) to stay in London late in order to participate in a significant School event as an alternative to an overnight stay. An explanation of the circumstances, along with details of the event that had lead to this need will to be submitted along with the claim. As there is no central School budget to meet these costs the claimant will need prior approval from the holder of a suitable budget.

1.9 Travel

The School has **two** approved Travel Management Companies (TMCs). They are Key Travel Ltd and Clarity (formerly Co-Operative Travel Management).

<http://www.lse.ac.uk/intranet/LSEServices/financeDivision/purchasing/Home.aspx>

Bookings made through **both** will be invoiced directly to the School avoiding the need to reclaim costs through an expense claim.

You have a responsibility to obtain value for money whenever spending School money. To achieve this you should consider booking flights and accommodation through the TMCs, particularly if you have a complex itinerary or a large group. In any case they provide a useful benchmark against which to compare alternative quotes for travel services, flights etc.

Method of travel

- Normal methods of travel for School business will include
 - walking
 - cycling
 - public transport – buses, underground, railways, coaches, ferries

- commercial airlines

- Taxis may only be used where there is a clear requirement (such as the need to transport bulky materials or to meet tight schedules) or where they are the most economic practical means of transport.
- Within London, travel on bus, tube or similar will be reimbursed at the Oyster card “pay as you go” rate. People with School funded annual season tickets may not claim reimbursement for journeys covered by their Season ticket.

Combined business trips and vacations

Reimbursement for travel is limited to travel by the most direct and usually travelled route at the minimum cost. People travelling by an indirect route or with a more expensive ticket for their own pleasure and convenience, or to take advantage of airline incentives, will not be reimbursed for subsistence and travel expenses over the amount for the more direct route or less expensive ticket. The School may also require a traveller to treat such travel as vacation time.

Travel to and from work

HMRC allows reimbursement of business travelling cost if you have to travel from one workplace to another. This includes travelling between your main, 'permanent workplace' and a temporary workplace. Ordinary commuting when you travel between your home (or anywhere that is not a workplace) and a place which counts as a permanent workplace is not considered a business journey. The reimbursement of a non-business journey is treated as a benefit in kind; you should not claim for such journeys.

When submitting claims for business travelling, please ensure the origin and destination are indicated in the claim. If you're not sure if a place you travel to counts as a permanent workplace, contact AP for advice.

1.10 Retirement gifts and similar

In addition to the guidelines set out by the Conference and Event Office on:

<http://www.lse.ac.uk/intranet/LSEServices/communications/conferenceAndEventsOffice/information/leavingfunctions.aspx>

the School needs to comply with HMRC rules on the benefit in kind status of these expenses.

According to HMRC, where a gift is made to an employee in the form of cash to mark long service with an employer, NIC and PAYE will be deducted. However, to avoid paying NIC or PAYE, the gift has to meet the following criteria

1. the gift is not cash;
2. the retired employee worked in the School 20 years; and
3. the gift is not worth more than £150

If the non-cash gift made does not meet these requirements, it is considered benefit in kind and is subject to tax. These conditions do not apply to gifts and collections from personal contributions by staff or alumni.

1.11 Subscriptions to professional bodies

Institutional subscriptions

Where budgets within an area permit, Departments, institutes and other operational units can subscribe to professional bodies or similar organizations where the reason for the subscription is to obtain access to professional literature, journals, advice, etc. in support of the work of the department. Corporate membership must be in the name of the LSE, paid for directly by the School, and the membership address must be the School's.

Individual subscriptions

The School has a dispensation from HMRC to allow payment for individual membership fees or annual subscriptions to qualifying professional bodies where they are a requirement of the job.

A qualifying professional body is one that appears on HMRC's approved list.

Individual membership fees or subscriptions to qualifying professional bodies may be reimbursed by the School provided that all the following conditions are met:

Conditions for payment of qualifying subscriptions:

- Membership is necessary in order to fulfil the duties of the role and (in the case of support staff roles) this is evidenced as an essential or desirable characteristic of the role;
- The body appears on HMRC's approved list;
- The employing unit has sufficient budget to meet the costs claimed;
- In instances where multiple memberships are held the normal maximum claimable would be two;
- Only the costs of membership of the professional body are being claimed;
- The expense claim is properly authorised.

The full HMRC list can be found at:

❖ <https://www.gov.uk/government/publications/professional-bodies-approved-for-tax-relief-list-3/approved-professional-organisations-and-learned-societies>

N.B. All costs are funded from existing unit/departmental budgets rather than a central pool

1.12 Childcare costs

Where a research grant provides for childcare costs, the costs may be claimed by the employee, however the employee will be liable for the taxation on the benefit in kind and the School will inform HMRC of the details in the annual P11D return.

Claims can also be made against Staff Research Funds and these will also be disclosed to HMRC in the annual P11D return.

P11Ds will not be issued in instances where Heads of Departments authorise the academic's attendance and outlines formal objectives that relate to a specific learning need of the academic.